



CONGRESSIONAL BUDGET OFFICE PAY-AS-YOU-GO ESTIMATE

January 4, 2002

H.R. 3346

An act to amend the Internal Revenue Code of 1986 to simplify the reporting requirements relating to higher education tuition and related expenses

As cleared by the Congress on December 20, 2001

H.R. 3346 makes several changes to reporting requirements related to the Hope Scholarship and Lifetime Learning tax credits. Eligible educational institutions had been subject to the reporting requirements only if the institution received payments for qualified tuition expenses with respect to any individual for any calendar year, or made reimbursements or refunds to any individual who had qualified tuition and related expenses. H.R. 3346 imposes those requirements on any educational institution that enrolls any individual in any academic period. The Congressional Budget Office and the Joint Committee on Taxation estimate that this act will have a negligible effect on receipts.

H.R. 3346 also changes the nature of the information reported. Educational institutions had been required to provide certain information about individuals with respect to whom payments were received, or individuals claiming those persons as dependents for the year. The information included the aggregate amount of payments for qualified expenses and of grants received with respect to those individuals during the calendar year. H.R. 3346 requires that educational institutions provide certain information about any individual who is or who has been enrolled at such institutions if certain transactions were made or for whom certain payments were made or received. The act would also require that institutions provide the aggregate amounts of payments received during the calendar year, the aggregate amount of grants processed by the institution during the calendar year, and the amount of any adjustments to such amounts for prior years. H.R. 3346 applies to expenses paid or assessed after December 31, 2002, for education furnished in academic periods beginning after such date.

The CBO staff contact for this estimate is Erin Whitaker. This estimate was approved by G. Thomas Woodward, Assistant Director for Tax Analysis.